

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the Matter of)	
)	
Toll Free Assignment Modification)	WC Docket No. 17-192
)	
Toll Free Service Access Codes)	CC Docket No. 95-155

COMMENTS OF CSF Corp, LLC

CSF Corp respectfully submits these comments in response to the Federal Communications Commission’s (Commission) *Notice of Proposed Rulemaking (NPRM)*, released September 28, 2017, in the above-referenced dockets.

I. OVERALL COMMENTARY/ POSITION

CSF has been a partner of the Resp Org Community for 20+ yrs and works closely both w/ our partners at the TFN Registry (SOMOS) and sitting as a contributing member of the ATIS SNAC working group, so we are very big supporters and advocates of the Toll Free (TF) ecosystem. We are fundamentally supportive of any policies or procedures that encourage the use of, increase circulation of, and decrease the cost of, utilizing and administering Toll Free Numbers. It’s a wonderful low cost service that has multiple utilities and benefits. We feel that this particular NPRM is counter to these principles, is contradictory at times in it’s rationale, and ultimately tries to tackle too many complex issues with one fell swoop. While we are for advanced thinking and modernization, that should not come at the expense of putting the industry at risk. The commission is trying to tackle too much in this NPRM. Would advise first tackling the 833 release as a pilot,

assess results, then continue w/ further debate on proposed changes and allow the industry to react/plan accordingly.

II. DISCUSSION (SECTION III)

A. Distribution of Toll Free Numbers

The committee seeks to revise the existing rules to permit use of auction methodology among other assignment mechanisms. We find little evidence to support the use of auctions and the premise that auctions are more “fair and equitable”. In addition, we find the NPRM arguments to be inconsistent and without compelling evidence to support it.

What problem are we trying to solve? Is there even a problem that exists? Numbers in circulation continue to rise (~4% YoY) and more and more use cases of TFN’s are being brought to market. One of the competitive advantages of a TFN is the relatively low cost of market entry/administration. Adding costs (ie through an auction), negates that advantage and puts more friction in the ecosystem from Administration to Consumption.

Does an auction raise or lower the barrier to entry in TF for both consumers and providers? Is that a good thing? We think it raises it for everyone and therefore could have a detrimental effect on the industry.

There are lots of unintended consequences that need to be considered. We are possibly asking every RO to set up an entirely new infrastructure and cost basis to accommodate auctions w/o any clear rationale or in response to any clear significant issues today.

There are 8M numbers available when a code opening occurs, so having 17,000 that are mutually exclusive represents .2% of those available numbers. That is a statistically insignificant amount from which the Commission is sighting as a reason for unrealized value for TFNs. Contemplating upending the whole TF ecosystem on .2% seems rash. What would that 17k look like if Resp Orgs knew they had to pay for the numbers? It was FREE to submit the requests and still the amount was only .2%.

We would concede that there are maybe a handful (ie a couple hundred or so) numbers in a code opening that may warrant an additional layer of distribution beyond first come first serve, but that’s specific to a code opening and for a very limited set of numbers. Beyond that First Come first serve has served as a seamless, low friction allocation methodology that we believe has aided the growth of the industry. There’s no evidence presented in this NPRM to prove otherwise.

Also, the Commission’s rationale on the need for this change is confusing: on the one hand, the Commission sights the need to extract unrealized value from mutually exclusive TFN’s through an auction, and then also sights the need for equity. Are we solving an equality or value issue?

Be careful to not equate cost w/ value. Just because the price is raised, doesn't mean more value will be extracted. Part of TF's allure to the consumer and businesses is the relatively low friction to enable and maintain a TFN. Does this process help that cause? Will we make it easier for consumers to default using a local or DID number instead for their needs? Are we overestimating the switching costs from TF to DID? All of a sudden are we to believe TFN's will become more valuable because the cost to acquire them goes up? The reality is that there are alternatives, and raising the costs put TFN's at a competitive disadvantage.

Re: Equity- One of the rationale's sighted is that first come first serve is that it may be less equitable and favor those who invest in systems to improve their technology to make those requests. Is this commission really sighting the fact that companies are investing in technology to improve their business as a BAD thing and unfair? So instead, an auction is being suggested to shift advantage to those w/ more cash in hand? Shouldn't this Commission be encouraging businesses to invest in technology, partner w/ those who provide that technology and encourage businesses to better themselves rather than stripping away any chance of a small resp org having an opportunity to get a hold of a desirable number? Under this thought process the Commission seems to suggest business reallocate their resources to paying for numbers, vs employing engineers, building technology products, and investing internally in one's business.

Does an auction promote equity or give an unfair advantage to those w/ more financial resources and put smaller RO at risk? At least first come first serve gives everyone a chance. Do those who have invested in technology gain an advantage? Not sure, but to make advances in TF, we need to encourage technology investment, not punish it. How is an auction more equitable?

Also the Commission sights that auctions will limit the "exhaust" of toll free numbers. The term "exhaust" suggest that there are no more TFN's left to obtain. Last we checked there's about 20 million still available.

We are also concerned that the language proposed basically gives Resp Orgs no ability to have any long term insight into how numbers get assigned going forward. It's worded in such a way that gives the TFNR carte blanche to choose any allocation method for any situation, which is unsustainable and unfair to the businesses and customers who rely on a stable, standard, and low cost allocation methodology. As previously stated, we encourage the commission to consider tabling a majority of these changes and approach the 833 mutually exclusive number allocation as the start of an evaluation process.

As stated, generally, we agree that for a relatively very small amount of numbers (remember w/ each code release 8M numbers get released), DURING A CODE RELEASE ONLY, we could see an argument for using an alternate methodology to first come first serve (ie the limited

request process for 844 and 855 for example). Whether that's any number that any more than one response requests, the top 10 most requested, etc., that needs to be determined.

We would only be in favor of an alternative methodology for code releases for a small amount of numbers that were in high demand, and support the current first come first serve mandate for all other number requests.

Lowering Costs

The NPRM mentions that the auction would be used to "lower costs", how does that happen specifically? If the costs are going to increase to maintain and manage auctions, doesn't that just result in an increase of funds needed for the TFNA, so in fact all costs go up, this auction just offsets them? It's misleading to say it will help reduce the costs, as there's no evidence to back that up.

We would not be in favor of a reserve price, as that completely undermines the value of TF and would eliminate incentives to acquire TF numbers for businesses and consumers.

Secondary Market

CSF does not really have a strong opinion on this as a standalone issue, but generally we would be in favor of a secondary market, but that would have to coincide w/ warehousing/ hoarding rules that complimented this concept.

Customer Data

We are not in favor of customer data living in the database. In this day and age w/ all the data breaches and ID theft consumers are reluctant, no tangible benefit to the consumer, increased costs/ management associated w/ this. This would only increase the hesitancy for potential Toll Free users to enter into TF ecosystem.

Vickrey Auction

Why use such a complex and uncommon bidding process? In theory, the Vickrey auction is well known to statisticians and mathematicians, but is used very rarely in practice due to its complexities and typically flawed execution. This is another example of an increasing barrier to entry for TF, taking a complex and relatively unknown auction practice and applying it to a market where these economic dynamics have not existed before. Need to think very hard about "experimenting" in this scenario.

Also a Vickrey could artificially inflate the price of a TFN by encouraging inexperienced bidders to over bid because they "won't have to pay that price". Could easily see a scenario where inexperienced bidders wildly overbid, creating an artificial winning bid that a customer is unwilling to pay. Again, in a vacuum the Commission is trying to apply a nice economic theory into practice without seemingly considering the consequences.

Respectfully submitted,

Richard Scanlon
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November 13, 2017